

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER

03-02

2. STATE:

ILLINOIS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:
January 1, 2003

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☒ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT

a. FFY 03 \$3,178,000
b. FFY 04 \$2,542,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A p.131(A), p. 131 (B), p. 131(C),
p.131(D), p.131(E), p. 131(F)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-A p.131(A), p. 131 (B), p. 131(C),
p.131(D), p.131(E), p. 131(F)

10. SUBJECT OF AMENDMENT:

Safety Net Hospital Adjustment Payments

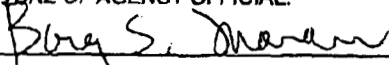
11. GOVERNOR'S REVIEW (Check One)

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Not submitted for review by prior
approval.

12. SIGNATURE OF AGENCY OFFICIAL:



13. TYPED NAME: **Barry S. Maram**

14. TITLE: **Director of Public Aid**

15. DATE SUBMITTED

16. RETURN TO:

**ILLINOIS DEPARTMENT OF PUBLIC AID
Bureau of Program and Reimbursement Analysis
201 SOUTH GRAND AVENUE, EAST
SPRINGFIELD, IL. 62763-0001
Attention: Greg Wilson**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

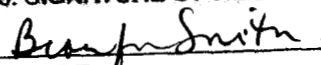
APR 15 2003

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JAN - 1 2003

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Charlene Brown

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

RECEIVED

MAR 26 2003

DMCH - IL/IN/OH

STATE OF ILLINOIS

METHODS AND STANDARDS FOR ESTABLISHING INPATIENT RATES FOR HOSPITAL
REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG) AND MEDICAL ASSISTANCE-NO
GRANT (MANG)

3/18/02 K. Safety Net Hospital Adjustment Payments

- 7/02 1. Qualifying criteria: Safety net hospital adjustment payments shall be made to a qualifying hospital, as defined in this subsection (1). A hospital not otherwise excluded under subsection (2) below shall qualify for payment if it meets one of the following criteria:
- a. It has, as provided in subsection (5)(f), a MIUR equal to or greater than the 40%.
 - b. ii It has the highest number of obstetrical care days in the safety net hospital base year.
 - c. ii It is, as of October 1, 2001, a sole community hospital, as defined by the United States Department of Health and Human Services (42 CFR 412.92).
 - d. ii It is, as of October 1, 2001, a rural hospital, as described in Section H.4. of Chapter VIII, that meet the following criteria:
 - i. Has a MIUR greater than 33 percent.
 - ii Is designated a perinatal level two center by the Illinois Department of Public Health
 - iii 3. Has fewer than 125 licensed beds.
 - e 5. It is a rural hospital, as described in Section H.4. of Chapter VIII.
- 1/03 f. The hospital meets all of the following criteria:
- i. Has an MIUR greater than 30 percent.
 - ii. Had an occupancy rate greater than 80 percent in the safety net hospital base year.
 - iii. Provided greater than 15,000 days in the safety net hospital base year.
- 7/02 2. The following five classes of hospitals are ineligible for safety net hospital adjustment payments associated with the qualifying criteria listed in 1(a) through 1(d).
- a. Hospitals located outside of Illinois.
 - b. County-owned hospitals, as described in Section A.1.a.i. of Chapter XVI.
 - c. Hospitals organized under the University of Illinois Hospital Act, as described in Section A.1.a.ii. of Chapter XVI.
 - d. Psychiatric hospitals, as defined in Section C.1. of Chapter II.
 - e. Long term stay hospitals, as defined in Section C.4. of Chapter II.

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REIMBURSEMENT: MEDICAL ASSISTANCE-GRANT (MAG). AND MEDICAL ASSISTANCE-NO
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3. Safety Net Hospital Adjustment Rates

- a. For a hospital qualifying under subsection (1)(a) above, the rate is the sum of the amounts for each of the following criteria for which it qualifies:
- i. A qualifying hospital—\$15.
 - ii. A rehabilitation hospital, as defined in Section C.2. of Chapter 11)—\$20.
 - iii. A children's hospital, as described under Section II.C.3—\$20.
 - iv. A children's hospital that has a MIUR greater than or equal to 80 per centum that is:
 - A. Located within HSA 6 or HSA 7—\$80.
 - B. Located outside HSA 6 or HSA 7—\$35.
 - v. A children's hospital that has a MIUR less than 80 per centum, but greater than or equal to 60 per centum that is:
 - A. Located within HSA 6 or HSA 7—\$35.
 - B. Located outside HSA 6 or HSA 7—\$15.
 - vi. A children's hospital that has a MIUR less than 60 per centum, but greater than or equal to 45 per centum that is:
 - A. 1: Located within HSA 6 or HSA 7—\$12.
 - B. 2: Located outside HSA 6 or HSA 7—\$5.
 - vii. A children's hospital with more than 25 graduate medical education programs, as listed in the "2000-2001 Graduate Medical Education Directory"—~~\$125.92~~.
 - viii. A children's hospital that is a rural hospital—\$145.
 - ix. A qualifying hospital, that is neither a rehabilitation hospital nor a children's hospital, that is located in HSA 6 and that:
 - A. 1: Provides obstetrical care—\$10.
 - B. 2: Has at least one graduate medical education program, as listed in the "2000-2001 Graduate Medical Education Directory"—\$5.

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- C.3: Has at least one obstetrical graduate medical education program, as listed in the "2000-2001 Graduate Medical Education Directory"—\$5.
- D. 4: Provided more than 5,000 obstetrical days in the safety net hospital adjustment base period—\$35.
- E. 5: Provided fewer than 4,000 obstetrical days in the safety net hospital adjustment base period and its average length of stay is:
1. Less than or equal to 4.50 days—\$5.
 2. Less than 4.00 days—\$5.
 3. Less than 3.75 days—\$5.
- 7/02 x. A qualifying hospital, that is neither a rehabilitation hospital nor a children's hospital, that is located outside HSA 6, that has a MJUR greater than 50 per centum, and that:
- A. Provides obstetrical care \$70
 - B. Does not provide obstetrical care—\$30.
- 1/03 xi. A qualifying hospital that provided greater than 35,000 days in the safety net hospital base year—\$6.00.
- 1/03 xii. A qualifying hospital with two or more graduate medical education programs, as listed in the "2000-2001 Graduate Medical Education Directory", with an average length of stay less than 4 days—\$48.00.
- b. For a hospital qualifying under Section (1)(b) of these rules, the rate shall be \$123.
- c. For a hospital qualifying under Section (1)(c) of these rules, the rate is the sum of the amounts for each of the following for which it qualifies:
- i. A qualifying hospital—\$40.
 - ii. If it has an average length of stay less than 4.00 days and:
 - A. More than 150 licensed beds —\$20.
 - B. Fewer than 150 licensed beds—\$40.
 - iii. The eligible hospital with the lowest average length of stay—\$15.
 - iv. It has a CMIUR greater than 65 per centum—\$35.
 - v. It has fewer than 25 total admissions in the safety net hospital adjustment base period—\$160.

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GRANT (MANG)

- d. For a hospital qualifying under subsection (1)(d) the rate shall be \$55.
- e. For a hospital qualifying under subsection (1)(e), the rate is the sum of the amounts for each of the following for which it qualifies divided by the hospital's total days:
1. The hospital that has the highest number of obstetrical care admissions—\$30,840.
 2. The greater of :
 1. The product of \$115 multiplied by the number of obstetrical care admissions.
 2. The product of \$11.50 multiplied by the number of general care admissions.
- 1/03 f. For a hospital qualifying under subsection (1)(f), the rate is \$30.
- 7/02 4. Payment To a Qualifying Hospital
- a. The total annual payments to a qualifying hospital shall be the product of the hospital's rate multiplied by two multiplied by total days.
- 1/03 b. For the safety net adjustment period occurring in State fiscal year 2003, total payments will equal the methodologies described above. For the period January 1, 2003, to June 30, 2003, payment will equal the State fiscal year 2003 amount less the amount the hospital received under the safety net adjustment period for the quarters ending September 30, 2002 and December 31, 2002. The total annual adjustment amount shall be paid to the hospital during the Safety Net Hospital Adjustment period in installments on, at least, a quarterly basis.
- 1/03 c. For safety net adjustment periods occurring after State fiscal year 2003, total payments will equal the methodologies described above and shall be paid to the hospital during the safety net adjustment period in installments on, at least, a quarterly basis.
5. Definitions
- a) "Average length of stay" means, for a given hospital, a fraction, in which the numerator is the number of total days and the denominator is the number of total admissions.
- b) "Combined MIUR" means the sum of Medicaid Inpatient Utilization Rate (MIUR), plus the Medicaid obstetrical inpatient utilization rate, determined as of October 1, 2001, both of which are defined in Chapter VI.C.8.
- c) "General care admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, as tabulated from the Department's

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claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department by June 30, 2001, excluding admissions for: obstetrical care, as defined in paragraph (g); for normal newborns; for psychiatric care; for physical rehabilitation; and, those covered in whole or in part by Medicare (Medicaid/Medicare crossover admissions)

- d) "HSA" means Health Service Area, as defined by the Illinois Department of Public Health.
- e) "Licensed beds" means, for a given hospital, the number of licensed beds, excluding long term care and substance abuse beds, as listed in the July 25, 2001, Illinois Department of Public Health report entitled "Percent occupancy by service in year 2000 for short stay, non-federal hospitals in Illinois."
- 7/02 f) "MIUR", for a given hospital, shall be the fraction, as defined in Chapter VI.C.8.e. and determined in accordance with Chapter VI.C.3 and 6, that was used to determine the hospital's eligibility for disproportionate share hospital adjustment payments in rate year 2002.
- g) "Obstetrical care admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, as tabulated from the Department's claims data, for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001, and were assigned by the Department a diagnosis related group code (DRG) of 370 through 375.
- h) "Obstetrical care days" means, for a given hospital, days of hospital inpatient service associated with the obstetrical care admissions described in paragraph (g) above.
- 1/03 i) "Occupancy rate" means a fraction, the numerator of which is the hospital's total days, excluding long term care and substance abuse days, and the denominator of which is the hospital's total beds, excluding long term care and substance abuse beds, multiplied by 365 days. The data used for calculation of the hospital occupancy rate is as listed in the July 25, 2001, Illinois Department of Public Health report entitled "Percent of Occupancy by Service in Year 2000 for Short Stay, Non-Federal Hospitals in Illinois."
- ii) "Safety net hospital base year" means the twelve-month period beginning on July 1, 1999, and ending on June 30, 2000.

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- k) j) Safety Net Hospital Adjustment Period means, beginning July 1, 2002, the 12 month period beginning on July 1 of the year ending June 30 of the following year.
- l) k) "Total admissions" means, for a given hospital, the number of hospital inpatient admissions for recipients of medical assistance under Title XIX of the Social Security Act, excluding admissions for individuals eligible for Medicare under title XVIII of that act (Medicaid/Medicare crossover admissions), as tabulated from the Department's claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001.
- m) j) "Total days" means, for a given hospital, the sum of days of inpatient hospital service provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding days for individuals eligible for Medicare under title XVIII of that act (Medicaid/Medicare crossover days), as tabulated from the Department's claims data for admissions occurring in the safety net hospital base year that were adjudicated by the Department through June 30, 2001.

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